

PRESS RELEASE

Will H&M shareholders take the opportunity to lift workers out of poverty?

On Tuesday, 7 May, H&M's shareholders will vote on taking a radical step to address H&M's ongoing failure to lift workers out of poverty. The shareholder proposal submitted by Clean Clothes Campaign calls for all the profits made by this global fashion retail giant in 2018 to go into a special living wage fund. This fund would remain in place until workers' wages are at least at the level of a living wage. It would represent a constructive response to the demand voiced by consumers around the world: for H&M to ensure fair employment conditions and a living wage without delay.

"We are asking the shareholders to say no to profiteering from impoverished workers. If they approve the measures we proposed at the upcoming annual general meeting, H&M could finally live up to its responsibility for human rights in its supply chain, at least in terms of wages," said Deborah Lucchetti of Clean Clothes Campaign (CCC).

This responsibility is laid out, for example, in the UN Guiding Principles on Business and Human Rights. Living wage is recognized as a human right by the Universal declaration of human rights and is included in H&M's own code of conduct.

Yet, not a single worker at H&M supplier factories is actually making enough to meet their basic needs – despite H&M's widely publicized commitment that 850,000 workers would be paid a living wage by 2018, and despite the company's concerted efforts to portray their wage related work as a great success.

CCC has been spotlighting this hypocrisy, and H&M's attempts to conceal its original commitment, through the "Turn Around, H&M!" campaign. Participation at H&M's annual shareholder meeting (AGM) is the final step in this campaign that was launched in May 2018 in cooperation with International Labor Rights Forum and WeMove.EU.

All shareholders present at the AGM will be asked to vote on the proposal submitted by CCC, which has a guaranteed vote of support from Fondazione Finanza Etica (FFE), CCC's partner in Italy. Its mission is to support social justice, sustainability and economic democracy through the responsible use of financial instruments.

"We will bang the drums for the resolution because we want H&M to recognize that issues such as the living wage and other human rights are increasingly becoming a source of concern for investors. A company that does not care enough for human rights along its supply chain exposes itself and its shareholders to potential negative impacts on its revenues and profits," said Mauro Meggiolaro, responsible for shareholder engagement at FFE.

Over the past week, a group of key shareholders – most of them Nordic banks – has been directly called upon to use their power and steer H&M onto the right course by voting for the establishment of the living wage fund at the AGM tomorrow. CCC sent the CEOs of

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Alecta, AP4, Folksam, Nordea, Storebrand and Swedbank, ~~and the Persson family~~ the petition, along with signatories' comments and workers' testimonies, and an appeal for those shareholders to support CCC's resolution. Thousands of individuals have voiced the same request on social media.

Tomorrow the #TurnAroundHM campaign representatives will directly hand over the petition with about 180,000 signatures to H&M's CEO Karl-Johan Persson and Head of Sustainability Anna Gedda. Over 30,000 people accompanied their signatures with personal comments, and these sparked lively discussions on social media during the latest round of online campaigning.

"It is clear from the petition signatories' comments and other engagement in this campaign that many consumers are rejecting H&M's self-congratulatory narrative of 'exceeding in fair living wage goals', and they feel ever more connected with the impoverished workers. We may now be ending this specific campaign, but we are determined to build upon those foundations well into the future," said Neva Nahtigal of Clean Clothes Campaign.

Beside the petition and the shareholder proposal, another key element of the #TurnAroundHM campaign was the publication of research findings from supplier factories covered by H&M's living wage commitment. Interviewed workers in India and Turkey earned about a third and in Cambodia less than one-half of the estimated living wage. In Bulgaria interviewed workers' salary at H&M's "gold supplier" was not even 10 per cent of what would be required for workers and their families to have decent lives.

In November, workers and activists marked the fifth anniversary of H&M's living wage roadmap with the Global week of action that further highlighted H&M's failure to deliver a living wage. Street actions and online campaigning took place in some of H&M's largest markets and in a number of production countries, including Austria, Belgium, Cambodia, Croatia, India, Indonesia, Italy, Germany, Finland, Hong Kong, the Netherlands, Poland, Romania, Spain, Sri Lanka, Switzerland, the United Kingdom, USA, and Turkey.

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NOTES TO THE EDITOR

- The #TurnAroundHM campaign website: <https://turnaroundhm.org>

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- The shareholder proposal submitted by Clean Clothes Campaign: <https://turnaroundhm.org/resolution/>
- Letter to the CEOs of major H&M shareholders: <https://turnaroundhm.org/letter-for-shareholders/>
- Response to Ethical Trading Initiative's review of H&M's living wage work: <https://turnaroundhm.org/response-to-ETI-review>
- Research findings on wages at H&M supplier factories: <https://turnaroundhm.org/wage-research-september-2018/>
- Response to H&M's latest sustainability report: <https://turnaroundhm.org/2019-04-03/>
- Fondazione Finanza Etica and Meeschaert Asset Management (based in Paris), holding 34,100 shares of H&M, have submitted **a further resolution**, asking H&M to include among the sustainability targets for the remuneration of senior executives, precise targets on the improvement of worker health, safety and wage practices along the group's supply chain. Fondazione Finanza Etica and Meeschaert Asset Management are among the founding members of SfC - Shareholders for Change, a network of ten European investors that engage companies on workers rights, taxation and climate related issues. The network represents over €23bn of invested assets.
- The **UN Guiding Principles for Business and Human Rights** state that, "The responsibility to respect human rights is a global standard of expected conduct for all business enterprises wherever they operate." These Principles further establish that, where states fail to ensure workers are being paid a living wage, companies are not allowed to take commercial advantage of that, and must instead themselves take effective measures to ensure that human rights are respected.